

To all concerned parties:

Real Estate Investment Trust Securities Issuer:
Oedo Onsen Reit Investment Corporation
Representative: Fuminori Imanishi,
Executive Director
(Securities Code: 3472)

Asset Manager:
Oedo Onsen Asset Management Co., Ltd.
Representative: Fuminori Imanishi,
Chief Executive Officer
Inquiries: Tomohiro Honda,
Chief Financial Officer
(TEL:03-6262-5456)

Notice Concerning Revisions to Fixed-term Building Lease Contracts

Oedo Onsen Reit Investment Corporation (the "Investment Corporation") announces that it has agreed to reduce the fixed rent by 50% for six months from September 2022 to February 2023 with regard to the fixed-term building lease contracts for all 12 properties owned by the Investment Corporation and leased by its major tenants, Oedo-Onsen Monogatari Hotels & Resorts Co., Ltd. and Reoma Unity Co., Ltd. (the "Oedo-Onsen Monogatari Group") listed in "2. Outline of the revisions" below, and concluded the "Memorandum of Understanding for Fixed Term Building Lease Contract with Suspensive Conditions and Building Management Service Outsourcing Contract (Rent Reduction)" with the following revisions as of today.

In addition, each lessee who concludes the memorandum constitutes an Interested Party, etc., under Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the "Investment Trust Act"), and thus regarding the transactions related to the memorandum has obtained the consent of the Investment Corporation based on the approval of its board of directors meeting, in accordance with the Investment Trust Act and the rules on Transactions with Interested Parties, etc. which are the internal rules of the Asset Manager.

1. Reasons for the revisions

Since February 2020 when the COVID-19 pandemic began, restrictions on domestic and international economic activities and constraints on movement mainly based on the states of emergency declared by the government on several occasions have caused serious damage to the accommodation facilities operated by the Oedo-Onsen Monogatari Group, a tenant of the Investment Corporation. In 2020 and 2021, in particular, the Group was forced to temporarily close the facilities due to a series of declarations of states of emergency. The state of emergency was lifted in major urban areas in October 2021, but business conditions have remained difficult with the spread of Omicron and other coronavirus variants.

In this environment, the Investment Corporation has continued to receive the full amount of the fixed rent stipulated in the lease contract with its tenant, the Oedo-Onsen Monogatari Group, irrespective of its performance trends. However, the Oedo-Onsen Monogatari Group has been providing funds for the payment of such fixed rents through emergency working capital loans under the COVID-19 pandemic and other means. For this reason, loans of the Oedo-Onsen Monogatari Group increased as the COVID-19 pandemic continued and lengthened.

Subsequently, in February 2022, the Oedo-Onsen Monogatari Group increased its capital through the underwriting of the capital increase by Lone Star Funds ("Lone Star"), which became a new shareholder, and reduced loans, which had increased in previous years. In addition, the Oedo-Onsen Monogatari Group has

agreed with its lenders on a framework for additional financing for a forward-looking business plan that includes investment in improving the value of existing facilities and the resumption of investment in new stores under a medium-term management plan that looks beyond the COVID-19 pandemic and such investments.

However, the spread of COVID-19 showed no sign of abating in the summer of this year, making it difficult for the Ooedo-Onsen Monogatari Group to achieve the earnings targets required financially to stabilize existing loans and to take out additional loans necessary to implement investments based on the business plan in the forecast for the fiscal period ending February 2023.

For this reason, the Investment Corporation was approached by the Ooedo-Onsen Monogatari Group for a temporary fixed rent reduction and exemption around late May this year, and the Asset Manager has been conducting detailed hearings and evaluation studies regarding the Group's prospects for achieving its profit and loss plan, long-term management plan, and others.

As a result, the Investment Corporation, in its capacity as the owner of facilities, has determined that stabilizing operations by helping the tenant, the Ooedo-Onsen Monogatari Group, overcome the COVID-19 pandemic and ensure its financial soundness is necessary to stabilize the Investment Corporation's rent income over the medium to long term.

In addition, to facilitate the implementation of investment in improving the value of facilities, including those owned by the Investment Corporation, and renewal investment focusing on the safety of facilities, etc., at the expense of tenants, the Investment Corporation has come to the conclusion that it is reasonable from the perspective of maintaining and improving unitholder value in the future to cooperate in achieving the periodic income necessary to maintain the financing capacity of the Ooedo-Onsen Monogatari Group.

One of the reasons for the temporary rent reduction and exemption this time is that the Investment Corporation believes that it should extend some cooperation as the lessor of the facilities, given the supportive loans provided by the lenders of the Ooedo-Onsen Monogatari Group during this period and the performance of shareholder's obligations including the underwriting of capital increase by Lone Star in February 2022 in response to damages to the operations of the Ooedo-Onsen Monogatari Group over the two years after 2020 when the COVID-19 pandemic began.

2. Outline of the revisions

In the rent revision this time, the Investment Corporation will temporarily exempt 50% of the fixed rent for the six-month period from September 2022 to February 2023 (the fiscal period ending November 2022 (3 months) and the fiscal period ending May 2023 (3 months)) for all accommodation facilities owned by the Investment Corporation and operated by the Ooedo-Onsen Monogatari Group, excluding "Ooedo-Onsen Monogatari Kamoshika-so".

Property number	Property name	Lessee	Fixed rent million yen (Note)					Reduction period
			Before revision	After revision				
			Fiscal period ending November 30, 2022	Fiscal period ending November 30, 2022		Fiscal period ending May 31, 2023		
			rent	rent	Reduction ratio	rent	Reduction ratio	
S-1	Ooedo-Onsen Monogatari Reoma Resort	Reoma Unity Co., Ltd.	314	236	25%	236	25%	Fiscal period ending November 30, 2022: for three months from September 2022
S-2	Ooedo-Onsen Monogatari Ise-shima	Ooedo-Onsen Monogatari	108	81		81		
S-3	Ito Hotel New Okabe		73	55		55		

S-4	Ooedo-Onsen Monogatari Atami	Hotels & Resorts Co., Ltd	93	70		70	to November 2022 Fiscal period ending May 31, 2023: for three months from December 2022 to February 2023
S-5	Ooedo-Onsen Monogatari Toi Marine Hotel		54	40		40	
S-6	Ooedo-Onsen Monogatari Awara		65	49		49	
S-8	Ooedo-Onsen Monogatari Ikaho		36	27		27	
S-9	Ooedo-Onsen Monogatari Kimitsu-no-mori		24	18		18	
S-11	Ooedo-Onsen Monogatari Kounkaku		42	31		31	
S-12	Kinugawa Kanko Hotel		174	130		130	
S-14	Ooedo-Onsen Monogatari Higashiyama Grand Hotel		51	38		38	
	Total			1,040	780		

(Note) Each rent amount is rounded down to the nearest million yen.

3. Future outlook

For the forecasts of financial results for the fiscal period ending November 30, 2022 (the 13th fiscal period: from June 1, 2022 to November 30, 2022) and the fiscal period ending May 31, 2023 (the 14th fiscal period: from December 1, 2022 to May 31, 2023) related to the conclusion of the memorandum, etc., please refer to the "Notice Concerning Revisions to Forecasts of Financial Results and Distributions for the Fiscal Period Ending November 30, 2022 and Forecasts of Financial Results and Distributions for the Fiscal Period Ending May 31, 2023" announced today.

4. Interested-party transaction

The Ooedo-Onsen Monogatari Group, the lessee in this memorandum of understanding, falls under the interested persons, etc. as defined in Article 201 of the Act on Investment Trusts and Investment Corporations and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations. Therefore, in concluding this memorandum of understanding with the Ooedo-Onsen Monogatari Group in accordance with the Regulations on Trade with Interested Persons, Etc., which are internal regulations of the Asset Manager, the Asset Manager carefully verified whether the rent for the rent reduction/exemption period could be considered appropriate in light of the GOP and its ratio to sales of the tenant, Ooedo-Onsen Monogatari Group, and other circumstances, by obtaining the tenant's monthly profit and loss budget for the fiscal period ending February 2023 and five-year business plan, which were prepared by the Ooedo-Onsen Monogatari Group.

Based on the verification results above, appropriate procedures stipulated in the Act on Investment Trusts and Investment Corporations, the Regulations on Trade with Interested Persons, Etc., and other internal regulations were taken when concluding this memorandum of understanding, including approval by the Compliance Committee attended by outside experts and by the Investment Corporation's Board of Directors.

* The Investment Corporation's website: <https://oom-reit.com/en/>